



Department of Justice

United States Attorney Gregory G. Lockhart
Southern District of Ohio

FOR IMMEDIATE RELEASE
MONDAY, OCTOBER 06, 2008
<http://www.usdoj.gov/usao/ohs>

CONTACT: Fred Alverson
614-469-5715

FORMER OWNER OF KETTERING-BASED PAYROLL COMPANY SENTENCED TO 10 YEARS IN PRISON

DAYTON - Rodney R. Richley, II, age 60, of Cape Coral, Florida was sentenced in United States District Court here to ten years in prison, followed by 3 years of supervised release for defrauding clients of his payroll company, Kettering-based Payroll Data Services, Inc. ("PDS"), of approximately 4.3 million dollars between January 2000 and April 2003. Richley pleaded guilty on April 11, 2008 to three counts of mail fraud, four counts of tax evasion, and one count of money laundering.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Nathan J. Hochman, Assistant Attorney General for the U.S. Department of Justice Tax Division, and Jose Gonzalez, Special Agent in Charge, Cincinnati Field Office, Internal Revenue Service-Criminal Investigation announced the sentence imposed late Friday by United States District Court Judge Walter Herbert Rice.

Richley admitted that he received approximately \$4.3 million of employment taxes from at least 36 PDS clients by falsely representing that he would pay the funds to the IRS on the companies' behalf. Rather than remitting the employment taxes to the IRS, Richley used the money for other purposes, including buying multiple luxury vehicles, spending \$360,000 in hotels and casinos in Las Vegas, and buying a residence in Lawrenceburg, Indiana. Richley also filed false employment tax returns on behalf of his clients, and false personal income tax returns, in an effort to conceal his embezzlement scheme.

As part of his sentence, Richley was ordered to make full restitution to the PDS client-victims and the IRS. Specifically, Richley was ordered to pay \$4,516,403.46 to 40 PDS clients and the IRS relating to the embezzled payroll taxes, and an additional \$325,179.00 to the IRS representing Richley's personal income tax liability. Richley was also ordered to perform 500 hours of community service and to pay the costs of his prosecution to the United States as part of his sentence.

Richley owned and operated PDS from 1990 until he sold it in 2003 and left the Dayton area, ultimately settling in Florida. “Richley’s scheme caused great harm to many businesses in the Dayton area. As a provider of employment tax services, Richley had an obligation to his clients to pay over the employment taxes on their behalf,” said Lockhart. “Richley’s alleged scheme included defrauding both his clients and the IRS. Thanks to the determined efforts of the IRS investigators and the prosecutors from our office and the Tax Division of the Department of Justice, we have now him held accountable for his conduct.”

This prosecution is the result of an investigation by the Internal Revenue Service-Criminal Investigation. The case is being prosecuted by U.S. Department of Justice Tax Division trial attorney Jorge Almonte and Jill M. Cassara on behalf of Lockhart’s Dayton office.

###